

<b>LFC Requester:</b>	<b>Montano</b>
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**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**

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*(Analysis must be uploaded as a PDF)*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** Feb 28 2025 *Check all that apply:*  
**Bill Number:** \_\_\_\_\_ Original  Correction   
 Amendment  Substitute

**Sponsor:** Rep. Roybal Caballero **Agency Name and Code** 337 State Investment Council  
**Short Title:** Sustain the Families Trust Fund **Number:** \_\_\_\_\_  
**Person Writing** Wollmann  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	N/A		

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
N/A	N/A	N/A	Unknown	Sustain the Families Trust Fund

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	This bill will require additional time from investment, accounting, and administrative staff (see administrative implications)				Recurring	SIC (LGPF/STPF)

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

##### Synopsis:

HB 520 seeks to create a Sustain the Families Trust Fund in the state treasury, to be used at a future date to issue income subsidies for lower income New Mexicans, as provided by law. The Fund is to be invested by the State Investment Officer & State Investment Council in accordance with the Uniform Prudent Investor Act (UPIA), in consultation with the Secretary with the Health Care Authority. Requires annual reporting to appropriate interim legislative committees. There is no specific starting date identified by the bill, so if signed it would presumably take effect 90 after the end of the session or June 20, 2025.

#### **FISCAL IMPLICATIONS**

The bill has no specific fiscal impact as it has no specific methodology identified for either contributions to the fund or distributions it will make at some point into the future, assuming subsequent funding becomes available.

The bill does not define “lower income residents”, who are to be the recipients of the proposed expenditures to be made, “as provided by law”. It is not clear what provisions of law are being referred to by the bill that would facilitate such fund disbursements.

While creating the new fund in the treasury, the proposed Sustain the Families Trust would appear to be a program/expenditure fund as well as a trust. The Legislative Council Service has recently attempted to standardize Trust/Program fund structures as separate entities, with the Trust contributing to a program/expenditure fund that will then deliver distributions – See Senate Bill 202.

The reason for having two funds – a trust fund managed by the SIC, and a program fund managed by the appropriate agency or STO or DFA - is that the separated structure allows for optimal long-term investing by the SIC for the Trust, whereas if there is only a program fund which requires high liquidity to allow for deployment or appropriation, the SIC will only be able to invest in low-yielding strategies to maintain fund liquidity.

The lack of a spending/distribution policy long-term also increases uncertainty as to how this fund should best be invested by the SIC.

#### **SIGNIFICANT ISSUES**

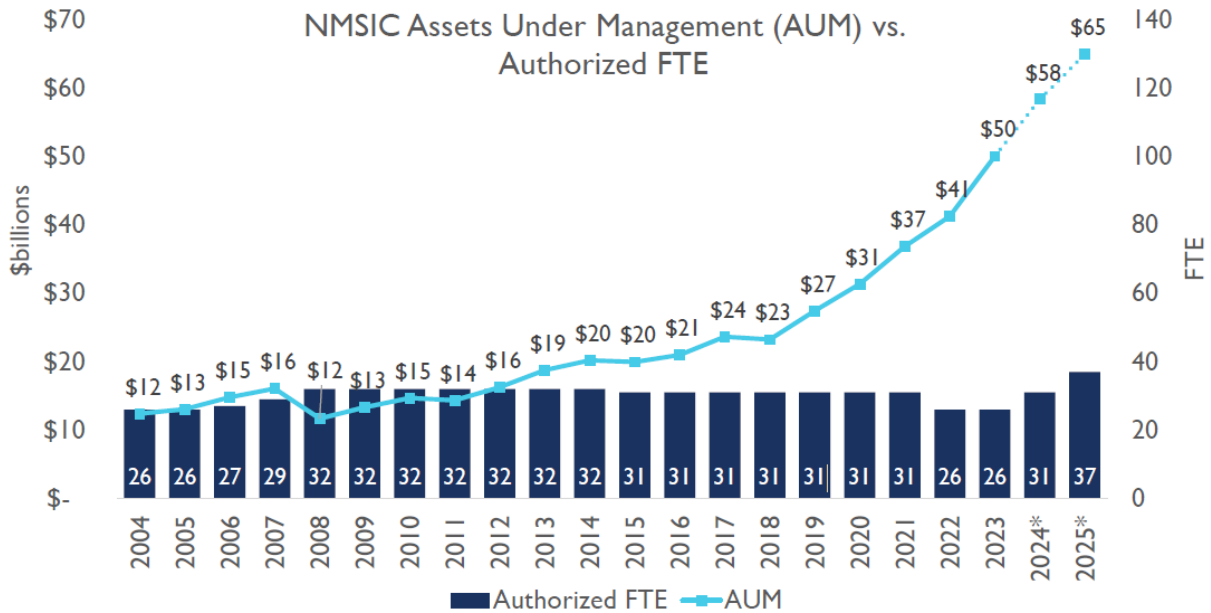
Funds with an investment horizon of one-year or less should not be invested by the SIC, but rather by the State Treasurer’s Office.

#### **PERFORMANCE IMPLICATIONS**

Without additional detail in law, the SIC would likely be unable to invest this fund in any strategies other than those that will help preserve the fund’s principal, similar to the Tax Stabilization Reserve, which has an allocation with no public equity, and the bulk of its investments being in low volatility fixed income strategies.

### ADMINISTRATIVE IMPLICATIONS

The SIC has seen its assets quadruple to more than \$60 billion over the past 15 years, while its staffing levels have remained relatively flat, as seen in the chart below.



\*Estimated AUM  
 Note: AUM reflects total assets under management, including all permanent endowment trust funds, reserve funds, and third party client assets. AUM reported as of calendar year end, except 2004-2007 which reflect fiscal year end balances for TSPF, WTF, and third party clients. FTE reported as of fiscal year end.  
 Source: NMSIC files, RVK, LFC Volume II reports

The SIC’s budget request for FY26 included full funding for all 37 authorized FTE, and expert opinions discussed at the SIC’s strategic retreat in December 2024 suggested a need to double the number of investment staff and increase the number of legal and accounting staff to facilitate increased workloads, mitigate risk and maintain proper ongoing due diligence of investments.

### CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The following shows current legislative proposals to create new funds to be invested by the SIC:

- House Bill 7 creates a new Children’s Future Fund to be managed by the SIC and created with \$5M initial appropriation from General Fund.
- House Bill 11 creates a new Paid Family Medical Leave Fund to be managed by the SIC (however, SIC noted in its fiscal impact report that this is an expenditure fund that would be best managed by STO).
- House Bill 25 creates a new Land Grant-Merced Infrastructure Trust Fund to be managed by the SIC. The bill seeks to seed the trust fund with a \$20 million general fund appropriation.

- House Bill 113 creates a new Animal Welfare Trust Fund to be managed by the SIC. The bill seeks to seed the trust fund with a \$10 million general fund appropriation.
  - House Bill 330 creates a new Land Grant-Merced & Acequia Infrastructure Trust fund to be managed by SIC. Gets funding from STB capacity.
  - House Bill 475 creates a new Transportation Trust Fund to be managed by SIC funded with a \$400 million general fund appropriation.
  - House Bill 520 creates a Sustain the Families Trust Fund to be managed by SIC in consult with HCA; to be expended by the legislature; no source funding provided
  - House Bill 531 creates a new Osteopath Medicine Escrow Fund to be managed by SIC and funded with a \$40 million transfer from the Tobacco Settlement Permanent Fund
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- Senate Bill 1 creates a new Behavioral Health Trust Fund to be managed by the SIC. The bill seeks to seed the trust fund with a \$1 billion general fund appropriation.
  - Senate Bill 88 creates a new Medicaid Trust Fund to be managed by the SIC. The bill seeks to seed the trust fund with a \$300 million general fund appropriation.
  - Senate Bill 234 creates a new Tribal Education Trust Fund to be managed by the SIC. The bill seeks to seed the trust fund with a \$100 million general fund appropriation.
  - Senate Bill 358 creates an Equine Welfare Trust Fund to be managed by SIC and funded with a \$40 million general fund appropriation.
  - Senate Bill 374 creates a Land Grant-Merced & Acequia Infrastructure Fund to be managed by SIC; gets funding from STB capacity.
  - Senate Bill 380 creates the Physician Graduate Medical Education Trust Fund to be managed by SIC with \$100 million general fund appropriation.
  - Senate Bill 397 creates the Next Generation Trust Fund (Baby Bonds) to be funded with \$500,100 general fund appropriation and managed by the SIC in consultation with the Treasurer.

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

## **AMENDMENTS**